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Chapter 11 Trustee

FILED & ENTERED

DEC 30 2024

CLERK U.S. BANKRUPTCY COURT
Central District of California
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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re:

LESLIE KLEIN,

Debtor.

Case No.: 23-10990-SK

Adv. Case No.: 2:24-ap-01140-SK

Chapter 11

BRADLEY D. SHARP, Chapter 11 Trustee,

Plaintiff,

v.

LESLIE KLEIN, an individual, THE SECOND
AMENDED KLEIN LIVING TRUST, a trust,
THE MARITAL DEDUCTION TRUST OF
ERIKA KLEIN, a trust, THE SURVIVOR'S
TRUST OF LESLIE KLEIN, a trust, and
BARBARA KLEIN, an individual,

Defendants.

**ORDER TO SHOW CAUSE
REGARDING WHY LESLIE KLEIN,
DANIEL CRAWFORD, AND ERIC
OLSON ARE NOT IN VIOLATION OF
THE AUTOMATIC STAY**

Date: January 22, 2025

Time: 9:00 a.m.

Crtrm: Courtroom 1575

255 E. Temple Street
Los Angeles, CA 90012

On 2/22/23, debtor Leslie Klein (Klein) filed a voluntary chapter 11 bankruptcy petition, case no. 2:23-bk-10990-SK. Docket #1. On 5/24/23, the Court appointed Bradley D. Sharp (Sharp) as chapter 11 trustee for Klein's bankruptcy estate. Docket #155.

On 5/23/24, Sharp filed a complaint that initiated the above-captioned adversary proceeding. Adv. Docket #1. On 5/29/24 Sharp filed an amended complaint (Amended

1 Complaint) against Klein, the Second Amended Klein Living Trust, the Marital Deduction Trust
2 of Erika Klein, the Survivor's Trust of Leslie Klein and Barbara Klein (Defendants). Adv. Docket
3 #6. The Amended Complaint sought: 1) a determination that 322 N. June St., Los Angeles,
4 California, 90004, (Property) is solely owned by Klein's bankruptcy estate; 2) a judicial
5 declaration quieting title to the Property; and 3) a determination that all unrecorded interests in the
6 Property are void and unenforceable. Id. at 4-5.

7 On 9/20/24, Sharp filed a Motion for Summary Judgment (MSJ) regarding the causes of
8 action pled in the Amended Complaint. Adv. Docket #32. On 9/24/24, the Court entered an order
9 setting briefing deadlines and a hearing on the MSJ on 12/18/24 (12/18/24 Hearing). Adv. Docket
10 #37. On 10/15/24, Defendants filed an opposition (Opposition), Adv. Docket #43, and on
11 10/30/24 Sharp filed a reply (Reply). Adv. Docket #49.

12 On 12/11/24, Daniel Crawford (Crawford), Klein's co-counsel with Eric Olson (Olson),
13 filed a "Notice of Motion and Motion for Continuance of Motion for Summary Judgment . . ."
14 (Motion to Continue). Adv. Docket #51. The Motion to Continue indicated that on 12/9/24, the
15 Defendants filed a petition in the Los Angeles Superior Court, Probate Division, case no.
16 24STPB13777 (Probate Action), seeking to have the probate court "exercise its exclusive
17 jurisdiction . . . to resolve a matter concerning the internal affairs" of the Second Amended Klein
18 Living Trust (Klein Trust), specifically whether the Property was allocated in part, or in whole, to
19 the Defendants' trusts. Id. Attached to the Motion to Continue was a "Verified Petition for Order
20 Conveying Trust Assets Into the Second Amended Marital Deduction Trust and Credit Trust
21 Dated April 8, 1990 of Erika Klein." (Petition), which was filed in the Probate Action on 12/9/24.
22 Id. at 14.

23 On 12/18/24 at 10:30 a.m., the Court held a hearing on the MSJ and a status conference in
24 this matter. During the 12/18/24 Hearing:

25 1) The Court granted the MSJ.

26 2) Sharp's counsel argued that filing the Petition in the Probate Action violated the
27 automatic stay and requested that the Petition be dismissed.

- 1 3) The Court declined the request to dismiss the Petition, but indicated that it would issue
2 an order to show cause why Klein, and his attorneys, Daniel Crawford and Eric Olson,
3 should not be sanctioned for violating the automatic stay.

4 Based on the foregoing, IT IS HEREBY ORDERED THAT the following individuals are
5 ordered to show cause regarding why they have not violated the automatic stay by filing the
6 Petition and prosecuting the Probate Action:


- 7 1) Leslie Klein, in his individual capacity, and as trustee of The Second Amended Klein
8 Living Trust, dated April 8, 1990, the Marital Deduction Trust, the Survivor's Trust,
9 and the Credit Trust thereunder,
10 2) Daniel Crawford; and
11 3) Eric Olson.

12 If the Court finds that filing the Petition and/or prosecution of the Probate Action violated
13 the automatic stay, it will also consider what sanctions, if any, should be imposed on Klein,
14 Crawford, and/or Olson.

- 15 1) A written response to this OSC must be filed and served by 1/8/25 at 12:00 p.m. noon;
16 2) Replies, if any, must be filed and served by 1/15/25 12:00 p.m. noon;
17 3) No further briefing will be allowed or considered.
18 4) A hearing on this OSC is set for 1/22/25 at 9:00 a.m.

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23 Date: December 30, 2024

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Sandra R. Klein
United States Bankruptcy Judge